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TSP
Thrift Savings Plan

Title: 5, United States Code

Chapter: 84 Federal Employees' Retirement System, Subchapter III, Thrift Savings Plan

Bulletin: 91-34, Reporting Agency-Paid Lost Earnings on Participant Statements

Date: November 29, 1991

To: TSP Payroll Office Representatives
TSP Personnel Office Representatives
TSP Automated Data Processing Representatives

The purpose of this bulletin is to provide information to agency representatives to assist them in responding to inquiries from their employees concerning agency-paid lost earnings that are posted to the semiannual Participant Statements.

I. Background

- A. Lost earnings are calculated by the Thrift Savings Plan System (TSPS) when an agency submits one or more Lost Earnings Records (51-Records) for an individual employee, or when an entire payroll submission is late, lost earnings are calculated for all payment records that were included with the late payroll submission. Lost earnings for a pre-1991 late payroll submission may be initiated by an agency by completing Section III of Form TSP-2-E, Request to Calculate Lost Earnings: Certification of Transfer of Funds and Journal Voucher. Lost earnings for a post-1990 late payroll submission are automatically calculated by TSPS upon receipt of a late payroll submission. (See TSP Bulletin 90-39 and 90-40, dated December 17, 1990, for detailed information on the lost earnings process.)
- B. After lost earnings are processed during the TSP midmonth processing cycle, agency payroll offices receive several lost earnings reports. One of these reports is Report TSPS 33011, Detail Report of Lost Earnings Calculation Records Processed. This report is produced on microfiche and sent to agency payroll offices by the National Finance Center (NFC), the Board's recordkeeper, each month following the midmonth processing cycle. Report TSPS 33011 provides agency representatives with the detail calculation of lost earnings for each Lost Earnings Record (51-Record) processed by TSPS.

II. Purpose of Report TSPS 33011

- A. Report TSPS 33011 is produced for agency payroll offices for the sole purpose of providing an explanation of the amounts that were posted to participant accounts as a result of a lost earnings calculation. Agency representatives are responsible for responding to all participants' inquiries concerning amounts posted to their accounts as a result of lost earnings calculations.
- B. Report TSPS 33011 cannot be used to assist agency payroll offices in reconciling accounting data. Although the amount of lost earnings charged to an agency's Treasury account is displayed on TSPS Report 33011, this report should not be used as the mechanism for reconciling accounting charges.

III. Overview of Report TSPS 33011

- A. A separate Report TSPS 33011 is produced by TSPS for each lost earnings journal voucher (JV) that is submitted by an agency payroll office and for each journal voucher that is generated by TSPS for a late payroll submission. Provided at the end of each report is a summary page (JV Report Totals page), which displays the total amounts calculated for all Lost Earnings Records (51-Records) processed for that JV. Because the present value of each contribution is calculated separately, each Lost Earnings Record (51-Record) is displayed on a separate page of the report.
- B. The heading of each page of Report TSPS 33011 displays the payroll office number, the payroll office name, the lost earnings JV report number and, if the JV represents a late payroll submission, the original JV report number of the payroll submission.
- C. The detail of each page of Report TSPS 33011 displays the participant's social security number and name and the department and agency codes. In addition, the beginning and ending dates, which are used in the lost earnings calculations, are displayed. If an agency payroll office provides the accounting information for an individual, that information is also displayed.
- D. Within each source of contributions (i.e., employee, basic, and matching), the contribution amount for each investment fund on which lost earnings are calculated is displayed.
- E. If there is more than one Lost Earnings Record (51-Record) processed for a participant on a single JV, the record with the oldest beginning date is displayed first, followed by the record with the second oldest beginning date, and so on. Displayed after the last 51-Record for the participant is the Individual Total page, which displays the total amount of all Lost Earnings Records (51-Records) processed for that participant on that JV.

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IV. Description of Report Categories *(see Attachment)*

- A. **Contribution Amount (Line (A)).** Line (A) displays the Lost Earnings Record (51-Record) as it was submitted to NFC by an agency payroll office (or for a late payroll submission, as it was created by TSPS).
- B. **Correct Location.** This category displays the correct location of the contribution (i.e., where the contribution would be invested if it had been made correctly when required). Line (D) displays the present value of the contribution as if it had been made correctly when required.
- C. **Current Location.** This category displays the current location of the contribution (i.e., where the contribution is currently invested). Line (G) displays the present value and location of the contribution that was actually made.
- D. **Difference.** Line (H) displays the difference between the present value of the contribution if it were deposited in the correct investment fund(s) when required (i.e., the correct location) and the present value of the contribution as it was actually deposited (i.e., the current location). Generally, this will be the net amount posted to a participant's account as a result of the lost earnings calculation.
- E. **Lost Earnings.** Line (I) displays the difference between the earnings calculated for the correct location (Line (C)) and the current location (Line (F)). This is the amount of lost earnings calculated by the TSPS.
- F. **Accounting for Earnings.** This section provides TSP accounting data that are posted to the TSPS database.
 - 1. **Amount Charged Agency (Line (J)).** If the net amount of lost earnings calculated for a source of contributions is positive, the net amount is charged to the agency's Treasury account. The amount charged is displayed on Line (J). **Note:** Payroll offices receive several reports after each midmonth processing cycle which provide the detailed amounts charged to the agencies' Treasury accounts for lost earnings. Report TSPS 33011 should not be used by agency payroll offices for reconciling amounts charged to their accounts.
 - 2. **Amount Forfeited (Line (K)).** If the net amount of lost earnings calculated for a source of contributions is negative, the net amount is removed from a participant's account and used to offset TSP administrative expenses. The agency does not receive any credit for these amounts.

3. **Fund Transfer - Earnings (Line (L)).** If the amount of lost earnings calculated for one or more investment funds on Line (H) is negative, but the net amount of lost earnings calculated is positive, the negative amounts are offset pro rata by the positive amounts.
4. **Lost Earnings Posted to Account (J+K+L) (Line (M)).** The amounts displayed on Line (M) represent the total amount of lost earnings calculated and posted to a participant's account. This amount is posted to the Participant Statement.

G. Fund Transfer

1. If the amount on Line (B) Correct Location: Contributions is different from the amount on Line (E) Current Location: Contributions, the difference is posted to Line (N). Generally, fund transfers are required when the correct location of a contribution is different from the current location. The amount displayed on Line (N) represents the transaction that is required to move contributions among the three investment funds to place the account in the position it would have attained had the contributions been made to the correct investment fund(s) when required.
 2. In very rare cases, the total amount of lost earnings calculated to be removed from an investment fund (Line (M)) plus the amount of the Fund Transfer: Contributions (Line (N)) will exceed the participant's balance in that investment fund. In this case, an adjustment to one or more investment funds (Line (O)) is required to ensure that amounts removed do not exceed the participant's account balance in any investment fund.
 3. The total amount of the Fund Transfer: Contributions (Line (N)) plus the Adjustment for Insufficient Fund Balance (Line (O)) is posted to Line (P). This amount is posted to the Participant Statement.
- H. **Net Posted to Acct (M+P).** The amount posted to Line (Q) represents the net amounts posted to a participant's account as a result of the lost earnings calculation. It includes the amount of lost earnings calculated as well as the amount that was moved among the investment funds.
- I. **Loan Payment Amount.** If the Lost Earnings Record (51-Record) contains a loan allotment amount, rather than a contributions amount, the amount on the Lost Earnings Record (51-Record) will be displayed on Line (R). The amount of lost earnings calculated is displayed on Line (S). This amount is then distributed pro rata among the three investment funds, based on the account balances in each of the funds as of the end of the prior month. The pro rata distribution of lost earnings for a loan allotment amount is displayed on Line (T). This amount is posted to the Participant Statement.

V. Posting to Participant Statements

The total amount of lost earnings that is calculated for a participant during the midmonth processing cycle will be posted in a lump sum on the Participant Statement (Line (M) on TSPS Report 33011, or Line (T) if lost earnings are calculated for loan allotments). Lost earnings are posted to Participant Statements as Code C, Earnings Correction. In addition, the total amount of all fund transfers processed during the midmonth processing cycle will be posted in a lump sum (Line (P) on TSPS Report 33011). Fund transfers are posted to Participant Statements as Code Y, Earnings Correction Transfer. Detailed postings of individual Lost Earnings Records (51-Records) are not made to the Participant Statements. Thus, if participants have questions concerning specific pay periods, agency representatives must use TSPS Report 33011 to respond to these inquiries.


CLYDE G. McSHAN, II
Director

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